



**FINANCIAL AND STATISTICAL REPORT**  
**June 30, 2016**  
**(UNAUDITED)**

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**NOVANT HEALTH, INC.**  
**COMBINED STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2016 AND 2015**

(in thousands of dollars)

	June 30, 2016				June 30, 2015			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Operating revenues</b>								
Patient service revenues (net of contractual allowances and discounts)	\$ 946,071	\$ 119,625	\$ -	\$ 1,065,696	\$ 898,591	\$ 120,668	\$ -	\$ 1,019,259
Provision for bad debts	(43,191)	(6,496)	-	(49,687)	(37,278)	(6,288)	-	(43,566)
Net patient service revenues less provision for bad debts	902,880	113,129	-	1,016,009	861,313	114,380	-	975,693
Other revenue	59,592	21,968	(8,694)	72,866	51,567	13,565	(5,178)	59,954
Total operating revenues	<u>962,472</u>	<u>135,097</u>	<u>(8,694)</u>	<u>1,088,875</u>	<u>912,880</u>	<u>127,945</u>	<u>(5,178)</u>	<u>1,035,647</u>
<b>Operating expenses</b>								
Salaries and employee benefits	511,806	70,853	(9,782)	572,877	489,374	66,009	(12,475)	542,908
Supplies and other	318,074	53,349	1,384	372,807	295,565	51,848	7,540	354,953
Total operating expenses	<u>829,880</u>	<u>124,202</u>	<u>(8,398)</u>	<u>945,684</u>	<u>784,939</u>	<u>117,857</u>	<u>(4,935)</u>	<u>897,861</u>
Operating cash flow	132,592	10,895	(296)	143,191	127,941	10,088	(243)	137,786
Depreciation and amortization	50,034	11,655	-	61,689	42,503	8,935	-	51,438
Interest	18,169	3,884	-	22,053	14,148	7,430	-	21,578
Operating income (loss)	64,389	(4,644)	(296)	59,449	71,290	(6,277)	(243)	64,770
<b>Non-operating income (expense)</b>								
Investment income	21,378	10,130	312	31,820	13,352	796	243	14,391
Income tax expense	(397)	(618)	-	(1,015)	(153)	(196)	-	(349)
Unrealized gain on non-hedged derivative financial instruments	-	-	-	-	-	73	-	73
Other, net	-	41	-	41	-	16	-	16
<b>Excess (deficit) of revenues over expenses</b>	<u>\$ 85,370</u>	<u>\$ 4,909</u>	<u>\$ 16</u>	<u>\$ 90,295</u>	<u>\$ 84,489</u>	<u>\$ (5,588)</u>	<u>\$ -</u>	<u>\$ 78,901</u>

**NOVANT HEALTH, INC.**  
**COMBINED STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015**

(in thousands of dollars)

	June 30, 2016				June 30, 2015			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Operating revenues</b>								
Patient service revenues (net of contractual allowances and discounts)	\$ 1,855,882	\$ 232,497	\$ -	\$ 2,088,379	\$ 1,731,568	\$ 239,468	\$ -	\$ 1,971,036
Provision for bad debts	(91,340)	(12,316)	-	(103,656)	(75,909)	(12,703)	-	(88,612)
Net patient service revenues less provision for bad debts	1,764,542	220,181	-	1,984,723	1,655,659	226,765	-	1,882,424
Other revenue	98,443	39,350	(13,695)	124,098	91,457	25,687	(10,505)	106,639
Total operating revenues	<u>1,862,985</u>	<u>259,531</u>	<u>(13,695)</u>	<u>2,108,821</u>	<u>1,747,116</u>	<u>252,452</u>	<u>(10,505)</u>	<u>1,989,063</u>
<b>Operating expenses</b>								
Salaries and employee benefits	1,007,147	138,954	(19,719)	1,126,382	958,119	133,695	(25,246)	1,066,568
Supplies and other	611,183	99,161	6,616	716,960	574,388	100,928	15,229	690,545
Total operating expenses	<u>1,618,330</u>	<u>238,115</u>	<u>(13,103)</u>	<u>1,843,342</u>	<u>1,532,507</u>	<u>234,623</u>	<u>(10,017)</u>	<u>1,757,113</u>
Operating cash flow	244,655	21,416	(592)	265,479	214,609	17,829	(488)	231,950
Depreciation and amortization	97,589	22,225	-	119,814	83,980	18,982	-	102,962
Interest	36,122	7,763	-	43,885	29,510	15,038	-	44,548
Operating income (loss)	110,944	(8,572)	(592)	101,780	101,119	(16,191)	(488)	84,440
<b>Non-operating income (expense)</b>								
Investment income	37,734	7,824	633	46,191	36,763	3,496	488	40,747
Income tax expense	(397)	(943)	-	(1,340)	(153)	(202)	-	(355)
Unrealized gain on non-hedged derivative financial instruments	-	-	-	-	-	144	-	144
Other, net	(6)	22	-	16	-	67	-	67
<b>Excess (deficit) of revenues over expenses</b>	<u>\$ 148,275</u>	<u>\$ (1,669)</u>	<u>\$ 41</u>	<u>\$ 146,647</u>	<u>\$ 137,729</u>	<u>\$ (12,686)</u>	<u>\$ -</u>	<u>\$ 125,043</u>

**NOVANT HEALTH, INC.**  
**COMBINING BALANCE SHEETS**

	June 30, 2016				December 31, 2015			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<i>(in thousands of dollars)</i>								
<b>Assets</b>								
<b>Current assets</b>								
Cash and cash equivalents	\$ 376,455	\$ 66,147	\$ -	\$ 442,602	\$ 302,757	\$ 51,646	\$ -	\$ 354,403
Accounts receivable, net	408,772	48,023	-	456,795	387,753	44,759	-	432,512
Short-term investments	335,618	57	-	335,675	465,715	57	-	465,772
Current portion of assets limited as to use	195	13,541	-	13,736	195	13,541	-	13,736
Deferred tax asset	14	6,212	-	6,226	-	7,311	-	7,311
Receivable for settlement with third-party payors	14,843	6,197	-	21,040	10,181	418	-	10,599
Other current assets	161,493	21,996	-	183,489	150,285	20,465	(60)	170,690
Total current assets	1,297,390	162,173	-	1,459,563	1,316,886	138,197	(60)	1,455,023
Assets limited as to use	6,903	46,018	-	52,921	7,186	39,508	-	46,694
Long-term investments	1,724,289	252,999	-	1,977,288	1,533,438	273,161	-	1,806,599
Property and equipment, net	1,623,646	306,847	-	1,930,493	1,600,051	254,051	-	1,854,102
Intangible assets and goodwill, net	68,285	268,161	-	336,446	61,165	247,050	-	308,215
Investments in affiliates	83,331	6,100	(59,444)	29,987	83,525	7,872	(58,151)	33,246
Other assets	67,835	18,491	(2,273)	84,053	81,612	22,541	(2,273)	101,880
Total assets	\$ 4,871,679	\$ 1,060,789	\$ (61,717)	\$ 5,870,751	\$ 4,683,863	\$ 982,380	\$ (60,484)	\$ 5,605,759
<b>Liabilities and Net Assets</b>								
<b>Current liabilities</b>								
Current portion of long-term debt	\$ 208,984	\$ 2,303	\$ -	\$ 211,287	\$ 161,473	\$ 16,874	\$ -	\$ 178,347
Short-term borrowings	87,900	145	-	88,045	86,594	191	-	86,785
Accounts payable	129,215	17,612	-	146,827	140,906	7,683	(60)	148,529
Accrued liabilities	332,510	47,427	(2,273)	377,664	334,921	50,438	(2,273)	383,086
Estimated third-party payor settlements	48,351	4,942	-	53,293	22,310	2,034	-	24,344
Due to (from) related organizations	(342,711)	342,711	-	-	(481,753)	481,753	-	-
Total current liabilities	464,249	415,140	(2,273)	877,116	264,451	558,973	(2,333)	821,091
Long-term debt, net of current portion	1,521,578	35,293	-	1,556,871	1,586,516	16,530	-	1,603,046
Deferred tax liability	-	3,549	-	3,549	-	3,843	-	3,843
Derivative financial instruments	72,075	-	-	72,075	57,941	-	-	57,941
Employee benefits and other liabilities	184,193	56,188	-	240,381	176,728	54,341	-	231,069
Total liabilities	2,242,095	510,170	(2,273)	2,749,992	2,085,636	633,687	(2,333)	2,716,990
<b>Net assets</b>								
Unrestricted- attributable to Novant Health	2,627,396	455,945	(126,327)	2,957,014	2,596,038	290,441	(66,112)	2,820,367
Unrestricted - noncontrolling interests	-	39,333	66,883	106,216	-	5,702	7,961	13,663
Total unrestricted net assets	2,627,396	495,278	(59,444)	3,063,230	2,596,038	296,143	(58,151)	2,834,030
Temporarily restricted	2,188	44,176	-	46,364	2,189	41,569	-	43,758
Permanently restricted	-	11,165	-	11,165	-	10,981	-	10,981
Total net assets	2,629,584	550,619	(59,444)	3,120,759	2,598,227	348,693	(58,151)	2,888,769
Total liabilities and net assets	\$ 4,871,679	\$ 1,060,789	\$ (61,717)	\$ 5,870,751	\$ 4,683,863	\$ 982,380	\$ (60,484)	\$ 5,605,759

**NOVANT HEALTH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015**

<i>(in thousands of dollars)</i>	<b>June 30, 2016</b>	<b>June 30, 2015</b>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 231,990	\$ 134,136
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	118,810	105,156
Gain on sale of real estate	(2,185)	(3,026)
Increase in unrestricted net assets related to consolidated affiliated entities	(97,337)	-
Share of earnings in affiliates, net of distributions	1,682	(908)
Net realized and unrealized gains on assets limited as to use and investments	(40,110)	(35,885)
Change in fair value of interest rate swap	14,134	(7,212)
Contributions restricted for capital	(1,461)	(835)
Provision for bad debts	103,656	88,612
Changes in operating assets and liabilities		
Accounts receivable	(135,455)	(108,284)
Accounts payable and accrued liabilities	(16,056)	(18,294)
Deferred taxes, net	791	984
Other assets and liabilities, net	28,774	28,949
Net cash provided by operating activities	207,233	183,393
<b>Cash flows from investing activities</b>		
Capital expenditures	(138,548)	(107,500)
Proceeds from sale of long-term investments	297,035	273,833
Purchase of long-term investments	(428,574)	(275,365)
Proceeds from sales of short-term investments	375,110	180,721
Purchase of short-term investments	(246,148)	(186,705)
Proceeds from sale of property and equipment	531	3,416
Investment in unconsolidated affiliated entities	11,014	-
Repayment of notes receivable and other, net	137	(1,293)
Net cash used in investing activities	(129,443)	(112,893)
<b>Cash flows from financing activities</b>		
Principal payments on long-term debt	(9,101)	(2,580)
Bond proceeds received from trustee	-	2,877
Proceeds from sale of accounts receivable, net	17,620	23,068
Proceeds from (payments for) line of credit and other financing	450	(6,657)
Cash receipts for repurchase agreements, net	1,305	4,793
Proceeds from contributions restricted for capital and long-term investment	135	351
Net cash provided by financing activities	10,409	21,852
Net increase in cash and cash equivalents	88,199	92,352
<b>Cash and cash equivalents</b>		
Beginning of year	354,403	328,797
End of quarter	\$ 442,602	\$ 421,149

NOVANT HEALTH, INC.  
COMBINED GROUP STATISTICS  
FOR THE THREE MONTHS ENDED JUNE 30, 2016 AND 2015

	Novant Health Presbyterian Medical Center	Novant Health Matthews Medical Center	Novant Health Huntersville Medical Center	Novant Health Charlotte Orthopedic Hospital	Novant Health Forsyth Medical Center	Novant Health Medical Park Hospital	Novant Health Thomasville Medical Center	Novant Health Brunswick Medical Center	Novant Health Kernersville Medical Center	Novant Health Clemmons Medical Center	Novant Health Prince William Medical Center	Novant Health Haymarket Medical Center	Novant Health Medical Group	Three Months Ended	
														June 30, 2016	June 30, 2015
<b><u>INPATIENT STATISTICS</u></b>															
Average Daily Census	385	102	59	29	633	9	74	43	23	-	91	19	-	1,467	1,469
Discharges	6,634	2,446	1,607	719	10,003	212	1,129	1,131	648	-	1,980	600	-	27,109	27,424
Average Length of Stay	5.3	3.8	3.4	3.7	5.8	3.7	6.0	3.6	3.4	-	4.2	2.8	-	5.0	4.7
Patient Days	35,048	9,290	5,358	2,645	57,638	812	6,704	3,929	2,137	-	8,287	1,700	-	133,548	133,669
<b><u>ADJUSTED STATISTICS</u></b>															
Adjusted Patient Days	69,799	21,844	14,369	3,881	86,955	3,989	17,264	11,378	5,979	-	21,901	7,486	-	264,845	258,882
Adjusted Discharges	13,212	5,751	4,310	1,055	15,091	1,041	2,907	3,275	1,813	-	5,233	2,642	-	56,330	55,275
<b><u>OUTPATIENT STATISTICS</u></b>															
ED Visits	22,920	12,239	9,585	-	21,752	-	8,655	8,375	8,227	3,890	14,041	6,715	-	116,399	115,012
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	1,055,044	1,055,044	979,775
Cases	48,161	22,869	17,573	3,041	33,819	4,213	15,218	16,775	11,214	4,710	21,579	11,073	-	210,245	207,869
<b><u>SURGERY STATISTICS</u></b>															
IP Surgical Cases	1,376	371	345	715	2,711	216	193	261	287	-	237	80	-	6,792	6,548
OP Surgical Cases	4,438	1,041	873	1,023	3,683	2,207	1,062	856	755	242	581	306	-	17,067	16,114
Total Surgical Cases	5,814	1,412	1,218	1,738	6,394	2,423	1,255	1,117	1,042	242	818	386	-	23,859	22,662
<b><u>OTHER STATISTICS</u></b>															
Total Births	1,258	501	358	-	1,571	-	152	107	-	-	364	151	-	4,462	4,291
Cath Lab Procedures	1,114	331	-	-	1,443	-	45	-	-	-	255	-	-	3,188	3,417
Open Heart Surgeries	123	-	-	-	134	-	-	-	-	-	-	-	-	257	277
Endoscopy Procedures	1,483	649	756	-	1,706	-	242	824	-	-	372	196	-	6,228	6,086
Radiology Procedures	39,058	23,832	15,605	3,825	58,774	1,529	13,353	13,150	11,656	4,061	23,029	16,399	-	224,271	230,648
Licensed Beds	597	146	91	80	921	22	146	74	50	-	130	60	-	2,317	2,327
Staffed Beds	440	118	70	31	709	19	82	54	29	-	91	19	-	1,662	1,592
Occupancy as % of Staffed Beds	87.5%	86.4%	84.3%	94.8%	89.3%	48.1%	89.5%	79.6%	82.0%	-	99.7%	100.1%	-	88.3%	92.3%

NOVANT HEALTH, INC.  
COMBINED GROUP STATISTICS  
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015

	Novant Health Presbyterian Medical Center	Novant Health Matthews Medical Center	Novant Health Huntersville Medical Center	Novant Health Charlotte Orthopedic Hospital	Novant Health Forsyth Medical Center	Novant Health Medical Park Hospital	Novant Health Thomasville Medical Center	Novant Health Brunswick Medical Center	Novant Health Kernersville Medical Center	Novant Health Clemmons Medical Center	Novant Health Prince William Medical Center	Novant Health Haymarket Medical Center	Novant Health Medical Group	Six Months Ended	
														June 30, 2016	June 30, 2015
<b><u>INPATIENT STATISTICS</u></b>															
Average Daily Census	380	106	62	29	636	9	74	45	24	-	89	18	-	1,472	1,512
Discharges	13,244	4,910	3,325	1,456	20,041	436	2,296	2,303	1,296	-	3,943	1,186	-	54,436	55,902
Average Length of Stay	5.2	3.8	3.4	3.6	5.8	3.7	6.0	3.6	3.4	-	4.1	2.8	-	4.9	4.9
Patient Days	69,183	19,284	11,321	5,288	115,773	1,642	13,537	8,170	4,441	-	16,233	3,340	-	268,212	273,704
<b><u>ADJUSTED STATISTICS</u></b>															
Adjusted Patient Days	138,331	44,818	29,351	7,921	175,501	8,077	34,192	23,089	12,332	-	42,053	13,896	-	529,561	518,072
Adjusted Discharges	26,481	11,411	8,620	2,181	30,380	2,145	5,799	6,509	3,599	-	10,215	4,934	-	112,274	109,847
<b><u>OUTPATIENT STATISTICS</u></b>															
ED Visits	46,929	24,866	19,188	-	43,989	-	17,257	16,087	16,196	7,740	26,242	12,297	-	230,791	227,654
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	2,096,498	2,096,498	1,975,640
Cases	95,208	45,936	34,651	6,144	66,142	8,329	30,140	32,685	21,871	9,173	41,321	21,985	-	413,585	405,418
<b><u>SURGERY STATISTICS</u></b>															
IP Surgical Cases	2,639	702	685	1,410	5,263	430	398	519	562	-	506	168	-	13,282	13,258
OP Surgical Cases	8,762	2,056	1,699	2,110	7,126	4,340	2,002	1,683	1,487	510	1,185	592	-	33,552	31,515
Total Surgical Cases	11,401	2,758	2,384	3,520	12,389	4,770	2,400	2,202	2,049	510	1,691	760	-	46,834	44,773
<b><u>OTHER STATISTICS</u></b>															
Total Births	2,443	1,033	711	-	3,088	-	336	228	-	-	716	301	-	8,856	8,622
Cath Lab Procedures	2,148	605	-	-	2,909	-	88	-	-	-	568	-	-	6,318	6,765
Open Heart Surgeries	229	-	-	-	254	-	-	-	-	-	-	-	-	483	530
Endoscopy Procedures	2,860	1,316	1,495	-	3,261	-	492	1,554	-	-	720	391	-	12,089	11,915
Radiology Procedures	78,254	48,002	31,439	7,726	118,592	3,012	26,639	26,049	23,012	8,263	49,004	32,493	-	452,485	456,144
Licensed Beds	597	146	91	80	921	22	146	74	50	-	130	60	-	2,317	2,327
Staffed Beds	436	124	73	31	711	19	84	56	30	-	90	19	-	1,673	1,626
Occupancy as % of Staffed Beds	87.3%	85.7%	85.1%	93.7%	89.4%	47.4%	89.1%	79.8%	82.5%	-	99.7%	99.2%	-	88.0%	93.0%